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August 24, 2004

VIA ELECTRONIC SUBMISSION

Ms. Marlene H. Dortch
Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: **Memorandum of Ex Parte Presentation**
AT&T Petition for Rulemaking to Reform Regulation for
Incumbent Local Exchange Carrier Rates for Interstate Special
Access Services, RM No. 10593

Dear Ms. Dortch:

On August 23, 2004, Parley Casto, Christopher Heimann and the undersigned met with Deena Shetler, Jeremy Marcus, Alvaro S. González, and Jay Atkinson to discuss SBC's position in the above referenced docket. The attached document was used as a basis for discussion during the meeting.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter and attachment are being electronically filed. I ask that this letter be placed in the files for the proceedings identified above.

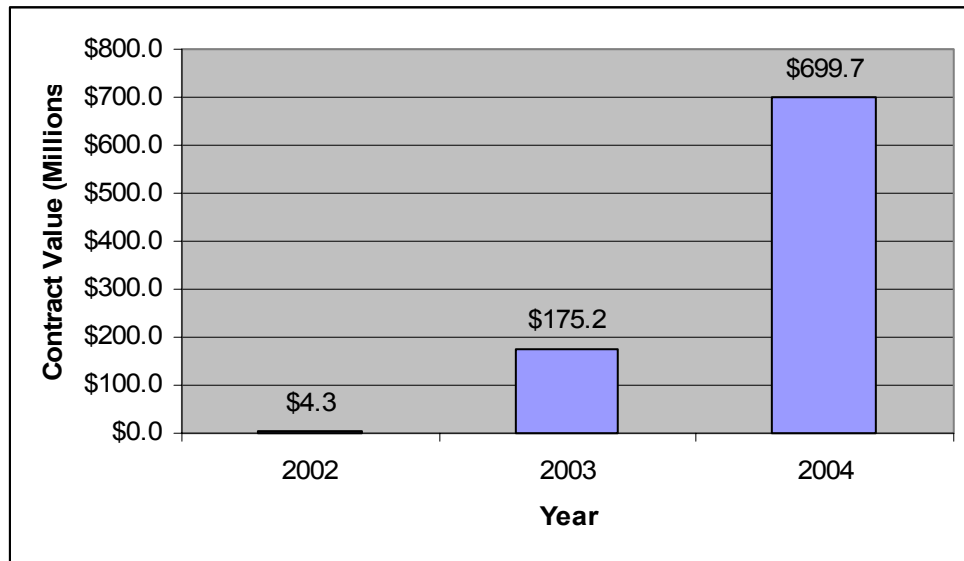
Please call me should you have any questions.

Sincerely,

/s/ Brian J. Benison

CC: Deena Shetler
Jeremy Marcus
Alvaro S. González
Jay Atkinson

Pricing Flexibility



- SBC has steadily increased its use of pricing flexibility since it was first granted relief in 2001.
 - Customers purchasing services under price flex include: IXC, CLEC and wireless carriers and retail customers.
 - Expect total signed price flex contracts to exceed \$1 billion by year end 2004.
 - Over 1/3 of the customers who were offered a price flex discount selected an alternative provider.
- Price flex negotiations typically center on price, but service level agreements and term of contract are also key factors. Some examples of service commitments are:
 - Credits issued based on network availability to cell site – If network not available, credits issued toward special construction costs.
 - Network availability target for cellular customers. Increasing network availability target over 5 yr period. Financial credits issued if target is missed.
- SBC will continue to use pricing flexibility to customize offerings to meet our customers needs in an effort to retain business in this increasingly competitive marketplace.
 - SBC, Qwest and Verizon have all filed fiber maps and other data demonstrating the level and locations of competitive alternatives to LEC high capacity networks throughout the respective regions.